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1 MARC J. FAGEL (Cal. State Bar No. 154425)
2 MICHAEL S. DICKE (Cal. State Bar No. 158187)
3 SHEILA E. O'CALLAGHAN (Cal. State Bar No. 131032)
4 KRISTIN A. SNYDER (Cal. State Bar No. 187175)

5 Attorneys for Plaintiff
6 SECURITIES AND EXCHANGE COMMISSION
7 44 Montgomery Street, Suite 2600
8 San Francisco, California 94104
9 Telephone: (415) 705-2500
10 Facsimile: (415) 705-2501

E-filing

11 UNITED STATES DISTRICT COURT
12 NORTHERN DISTRICT OF CALIFORNIA
13 SAN FRANCISCO DIVISION

MEJ

CV 08

4088

14 SECURITIES AND EXCHANGE COMMISSION,

Case No. _____

15 Plaintiff,

16 v.

CONSENT OF DEFENDANT GARY P.
JOHNSON TO ENTRY OF FINAL JUDGMENT

17 GARY P. JOHNSON ,

18 Defendant.

1. Defendant Gary P. Johnson (“Defendant”) waives service of a summons and the complaint in this action, enters a general appearance, and admits the Court’s jurisdiction over Defendant and over the subject matter of this action.

2. Without admitting or denying the allegations of the complaint (except as to personal and subject matter jurisdiction, which Defendant admits), Defendant hereby consents to the entry of the final Judgment in the form attached hereto (the “Final Judgment”) and incorporated by reference herein, which, among other things:

(a) permanently restrains and enjoins Defendant from violation of Section 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77q(a)], Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. §§ 240.10b-5] thereunder;

(b) orders Defendant to pay disgorgement in the amount of \$1,800,000, plus prejudgment interest thereon in the amount of \$720,152; and

(c) orders Defendant to pay a civil penalty in the amount of \$120,000 under Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)].

3. Defendant agrees that he shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made pursuant to any insurance policy, with regard to any civil penalty amounts that Defendant pays pursuant to the Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors. Defendant further agrees that he shall not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state, or local tax for any penalty amounts that Defendant pays pursuant to the Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors.

4. Defendant waives the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure.

1 5. Defendant waives the right, if any, to a jury trial and to appeal from the entry of the
2 Final Judgment.

3 6. Defendant enters into this Consent voluntarily and represents that no threats, offers,
4 promises, or inducements of any kind have been made by the Commission or any member, officer,
5 employee, agent, or representative of the Commission to induce Defendant to enter into this Consent.

6 7. Defendant agrees that this Consent shall be incorporated into the Final Judgment with
7 the same force and effect as if fully set forth therein.

8 8. Defendant will not oppose the enforcement of the Final Judgment on the ground, if
9 any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and hereby
10 waives any objection based thereon.

11 9. Defendant waives service of the Final Judgment and agrees that entry of the Final
12 Judgment by the Court and filing with the Clerk of the Court will constitute notice to Defendant of its
13 terms and conditions. Defendant further agrees to provide counsel for the Commission, within thirty
14 days after the Final Judgment is filed with the Clerk of the Court, with an affidavit or declaration
15 stating that Defendant has received and read a copy of the Final Judgment.

16 10. Consistent with 17 C.F.R. § 202.5(f), this Consent resolves only the claims asserted
17 against Defendant in this civil proceeding. Defendant acknowledges that no promise or
18 representation has been made by the Commission or any member, officer, employee, agent, or
19 representative of the Commission with regard to any criminal liability that may have arisen or may
20 arise from the facts underlying this action or immunity from any such criminal liability. Defendant
21 waives any claim of Double Jeopardy based upon the settlement of this proceeding, including the
22 imposition of any remedy or civil penalty herein. Defendant further acknowledges that the Court's
23 entry of a permanent injunction may have collateral consequences under federal or state law and the
24 rules and regulations of self-regulatory organizations, licensing boards, and other regulatory
25 organizations. Such collateral consequences include, but are not limited to, a statutory
26 disqualification with respect to membership or participation in, or association with a member of, a
27 self-regulatory organization. This statutory disqualification has consequences that are separate from

1 any sanction imposed in an administrative proceeding. In addition, in any disciplinary proceeding
2 before the Commission based on the entry of the injunction in this action, Defendant understands that
3 he shall not be permitted to contest the factual allegations of the complaint in this action.

4 11. Defendant understands and agrees to comply with the Commission's policy "not to
5 permit a defendant or respondent to consent to a judgment or order that imposes a sanction while
6 denying the allegation in the complaint or order for proceedings." 17 C.F.R. § 202.5. In compliance
7 with this policy, Defendant agrees: (i) not to take any action or to make or permit to be made any
8 public statement denying, directly or indirectly, any allegation in the complaint or creating the
9 impression that the complaint is without factual basis; and (ii) that upon the filing of this Consent,
10 Defendant hereby withdraws any papers filed in this action to the extent that they deny any allegation
11 in the complaint. If Defendant breaches this agreement, the Commission may petition the Court to
12 vacate the Final Judgment and restore this action to its active docket. Nothing in this paragraph
13 affects Defendant's: (i) testimonial obligations; or (ii) right to take legal or factual positions in
14 litigation or other legal proceedings in which the Commission is not a party.

15 12. Defendant hereby waives any rights under the Equal Access to Justice Act, the Small
16 Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek from
17 the United States, or any agency, or any official of the United States acting in his or her official
18 capacity, directly or indirectly, reimbursement of attorney's fees or other fees, expenses, or costs
19 expended by Defendant to defend against this action. For these purposes, Defendant agrees that
20 Defendant is not the prevailing party in this action since the parties have reached a good faith
21 settlement.

22 13. Defendant agrees that the Commission may present the Final Judgment to the Court
23 for signature and entry without further notice.

1 14. Defendant agrees that this Court shall retain jurisdiction over this matter for the
2 purpose of enforcing the terms of the Final Judgment.

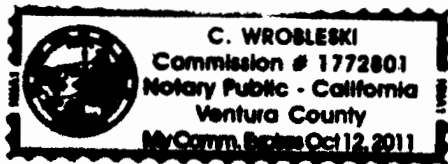
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4 Dated: 6/27/08, 2008


Gary P. Johnson

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6 On 06/27/2008, before me, C. Wroblecki, Notary Public
7 ~~(here insert name and title of the officer)~~, personally
8 appeared Gary P. Johnson, who proved to me on the basis of satisfactory evidence to be the person
9 whose name is subscribed to the within instrument and acknowledged to me that he executed the
10 same in his authorized capacity, and that by his signature on the instrument the person executed the
11 instrument.

12 I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
13 paragraph is true and correct.

14 WITNESS my hand and official seal.



C. Wroblecki
Notary Public
Commission expires:

19 Approved as to form:

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22 Mr. Gary Grant
The Grant Law Corporation
1851 East 1st Street, Suite 1220
23 Santa Ana, California 92705
Telephone: (714) 361-1450
24 Attorney for Defendant Gary P. Johnson
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